RESEARCH HIGHLIGHT

December 2013 Socio-economic Series 13-010

Demographic Change and the National Rate of Homeownership, 2001 to 2006

INTRODUCTION

The 2006 Census counted about 12.4 million households, 8.5 million of which were owner-occupant. Compared to 2001, there were about 899,000 more owner households and 29,000 fewer renter households, the first recorded decline in the number of renter-occupied dwellings. The national rate of homeownership increased from 65.8 per cent in 2001 to 68.4 per cent in 2006 (see figure 1), the largest five-year gain since 1971.[1]

This Research Highlight uses census data to examine the role of demographic change of the national homeownership rate between 2001 and 2006.

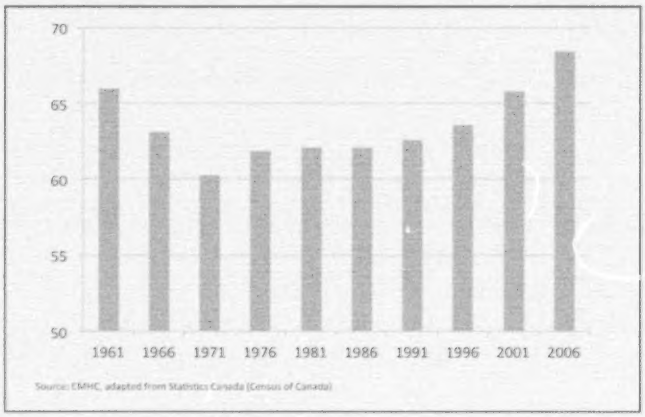

Figure 1 Homeownership Rate, Canada, 1961-2006

FINDINGS

Age structure changes and homeownership growth

The national homeownership rate is a weighted average of component homeownership rates for households belonging to different demographic groups. Accordingly, households can be classified in a number of ways, including age of the primary household maintainer (see Terminology text box), immigrant status (such as immigrant or Canadian-born), type of household (such as family or non-family), and region of residence. This also means that changes in the national ownership rate can be explained in terms of shifts in the demographic makeup of the adult population, even in the absence of changes in the economic and financial environment.

A rising average population age means a higher homeownership rate

There is wide agreement that, for a country whose population age makeup is not already heavily weighted towards its oldest members, a general increase in the average age of the population will put upward pressure on

[1] The national rate of homeownership fell by nearly 6 percentage points from 1961 to 1971 (see figure 1). From 1961 to 1971, the number of owner households grew by about 4 per cent per year, on average, compared to 9 per cent per year for the number of renter households. During the 1950s and 1960s, the federal government introduced major changes to its loan guarantee and mortgage insurance program that increased the supply of residential mortgage lending. The 1960s also marked the entry of the many young adult baby boomers into the housing market, most of whom entered as renters, putting downward pressure on the overall rate of homeownership. For more on the changes to the federal loan guarantee and mortgage insurance program, see Lawrence B. Smith "Postwar Canadian Housing Policy in Theory and Practice," *Land Economics*, Vol. 44, No. 3 (Aug. 1968), pp. 339-349.

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its aggregate homeownership rate. This is because the rate of homeownership tends to rise as households age (see table 1).[2] Thus, an attempt to assess changes in the national rate of homeownership must take into account the compositional effects of population aging in such changes.

Census data indicate that the age structure of the population continued to shift in favour of older Canadians between 2001 and 2006, with the median age of the population rising from 37.6 to 39.5. When the adult population is grouped by age, it becomes clear which groups contributed

Terminology

The discussion of households presented below uses terminology derived from census concepts.[1]

- **Household.** One or more people who occupy a private dwelling and do not have a usual place of residence elsewhere in Canada.[2] A private dwelling is one that was built or adapted for the purpose of human habitation, and which has a private (that is, non-shared) entrance as well as a separate set of living quarters. Households fall into two main groups: family households and non-family households.
- **Family household.** Family households comprise couples with children, couples without children, lone parents, and multiple-family households.
  - **Couple with children** – a household containing a married or common-law couple with at least one child. A couple may be of the opposite or same sex. Non-family members may also be present.
  - **Couple without children** – a household containing a married or common-law couple without children. A couple may be of the opposite or same sex. Includes empty nesters whose children have moved out. Non-family members may also be present.
  - **Lone-parent household** – a lone parent living with one or more children. Non-family members may also be present.
  - **Multiple-family household** – a household containing two or more families (couples with or without children or lone-parent families). Non-family members may also be present.
- **Non-family household.** Non-family households comprise one-person and two or more person non-family households.
  - **One-person household** – a person living alone.
  - **Two or more person non-family household** – Two or more people who share a dwelling and who do not constitute a family. In this Research Highlight, these households are refered to as other non-family households.
- **Primary household maintainer.** The primary household maintainer is the person or one of the persons in the household responsible for major household payments such as the rent or mortgage. In households with more than one maintainer, the primary maintainer is the first person listed as a maintainer. In this Research Highlight, age, when applied to households of any type, refers to the age of the primary household maintainer.
- **Headship rate.** An age-specific headship rate is the rate at which people in a given age group form households, and is calculated as the number of primary household maintainers in that age bracket divided by the total number of people in the same age bracket.
- **Homeownership rate.** The homeownership rate for a group of households is the proportion of those households that own the dwellings in which they reside.
- **Net household formation.** Net household formation, also referred to as household formation in this Research Highlight, is the change in the number of households between two years.

[1] Complete documentation of census concepts, including structure types and other housing content, is available in Statistics Canada's Census Dictionaries. See the 2006 Census Dictionary at http://www12.statcan.gc.ca/census-recensement/2006/ref/dict/index-eng.cfm and the 2011 Census Dictionary at http://www12.statcan.gc.ca/census-recensement/2011/ref/dict/index-eng.cfm.

[2] Foreign residents visiting Canada, members of the Armed Forces of another country stationed in Canada and family members living with them, and government representatives of another country and family members are not included in census counts. Non-permanent residents—people from another country who had a work or study permit, or who were refugee claimants, and family members living with them—are counted by the Census.

[2] The rate of homeownership typically rises with age up to a point; it begins to decline as households age into their retirement years.

to the increase in the median age. During this period, every group under age 45 experienced a decline in its population share, whereas nearly every group age 45 or older experienced an increase, with the biggest increases going to the 45 to 64 age group that includes the large baby boom generation (see table 1).

Economic and lending conditions bolstered homeownership gains

Shifts in the homeownership rates of households of different age groups likewise helped to raise the aggregate rate of homeownership. When households are grouped by their age-specific rates of homeownership, it can be seen that households of every age group recorded increases in their rates of ownership between 2001 and 2006 (see table 1). Economic growth, rising employment and disposable income, and a lending environment conducive to homeownership helped to make these gains possible. Moreover, the changes in homeownership rates stand in contrast to those of the 1991 to 1996 period, when weak economic growth, high unemployment and elevated borrowing costs discouraged ownership, and most household maintainers under age 50 experienced declines in their rates of homeownership.

Changes in age-specific headship rates—the rates at which individuals of different ages form independent households—also influence the aggregate rate of homeownership. From 2001 to 2006, headship rates declined for all age groups except those between the ages of 45 and 64 (see table 1). The effect of changes in age-specific headship rates on the aggregate homeownership rate will depend on the net effect of such changes on the number of owner versus renter households. A newly established household, for example, may either own or rent. A decline in the rate of household formation could raise the aggregate rate of homeownership if it arose from renters dissolving households to become members of existing households, since it would reduce the number of households led by renters. If the decline in the rate of household formation arose from the dissolution of homeowner households, however, it would lower the rate of homeownership. Similarly, the postponement of household formation by certain groups (such as young adults or recent immigrants) leaves headship rates below the levels they would otherwise be. This can in turn affect the overall rate of homeownership, since many of those who postpone the establishment of independent households, particularly young adults, would likely rent. Had these individuals entered the housing market as renters, their entry would have lowered the rate of homeownership.

A decomposition of the changes in the aggregate homeownership rate from 2001 to 2006 suggests that while demographic change contributed to the gains, it was likely not the central factor. This analysis shows that changes in age-specific rates of homeownership were the biggest explanatory factor in the higher national homeownership rate, accounting for about 2 percentage points of the total increase (see table 2). This finding supports the view that an improving economy and a lending environment supportive of homeownership facilitated adults in all age groups to become homeowners. Population growth and change accounted for the remainder of the gains in the overall rate of homeownership, contributing about

Table 1 Adult Population, Ownership and Headship by Age Group, 2001-2006

Age Group	Population Shares			Ownership Rates			Headship Rates		
	2001 (%)	2006 (%)	2001-2006 Change (Percentage Points)	2001 (%)	2006 (%)	2001-2006 Change (Percentage Points)	2001 (%)	2006 (%)	2001-2006 Change (Percentage Points)
15-24	16.5	16.2	-0.3	15.9	21.1	5.2	11.2	10.8	-0.3
25-34	16.5	15.4	-1.1	46.7	51.3	4.6	44.9	44.5	-0.4
35-44	21.0	18.5	-2.5	67.1	69.3	2.2	53.9	53.8	-0.1
45-54	18.2	19.1	0.9	74.4	75.5	1.0	56.8	56.8	0.1
55-64	11.8	14.1	2.3	76.9	77.7	0.7	57.9	58.0	0.1
65-74	8.8	8.8	0.0	75.3	76.1	0.9	61.8	60.6	-1.2
75+	7.2	7.9	0.7	66.2	67.9	1.7	62.0	61.5	-0.5
15+	100.0	100.0	n/a	65.8	68.4	2.6	47.6	47.8	0.2

Source: CMHC, adapted from Statistics Canada (Census of Canada)

1 percentage point. Headship rate changes, however, had a negative effect of almost 0.5 of a percentage point on the national homeownership rate.[3]

Cohort aging and homeownership growth

The rise in the national home homeownership rate can be examined in terms of the contribution of different birth cohorts or generations (see Contribution of birth cohorts to homeownership growth and The generations text boxes). Analyzing homeownership rates from a cohort perspective helps to shed light on the role of aging and life-course transitions on homeownership. It shows that a cohort's impact on the aggregate homeownership rate varies as it ages and advances along the life course. Given that certain housing-related changes occur with a certain degree of regularity across generations, understanding these changes might shed light on the likely future course of homeownership rates.

Contribution of birth cohorts to homeownership growth

The contribution of a birth cohort to the growth in the number of (owner or renter) households over a given period can be approximated by estimating the net number of (owner or renter) households formed by that cohort as it ages during that period. For example, a cohort whose members were born over the 1972 to 1976 period would have reached the 25 to 29 age bracket in 2001 and the 30 to 34 bracket in 2006. To estimate the cohort's contribution to homeownership gains over the 2001 to 2006 period, we take the number of homeowner households aged 30 to 34 in 2006 and subtract from this figure the number of homeowner households aged 25 to 29 in 2001. The cohort contributions reported in this Research Highlight include both immigrant and Canadian-born households.

Under-25 household heads more likely to be renters

The Canadian data indicate a consistent pattern of household formation and ownership as successive birth cohorts advance along the life course. When a cohort enters its 20s, it begins to form a substantial number of independent households. Most members of the cohort initially rent. The number of renter households added by successive cohorts of young adults reaching the 20 to 24 age bracket has consistently exceeded the number of owners in this age bracket (see figure 3).

Table 2 Decomposition of the National Homeownership Rate

Decomposition of the Change in the National Homeownership Rate by Homeownership Rate, Headship Rate and Age Composition, 2001-2006 (Percentage Points)				
	Ownership Rates	Age Composition	Headship Rates	Combined Effect
Rate change	2.02	1.05	-0.46	2.60
Source: CMHC				

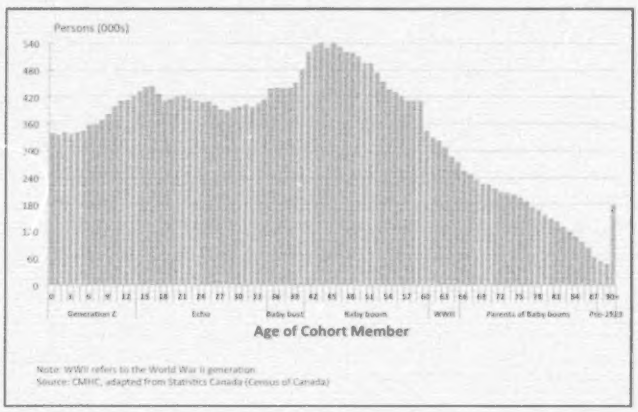

Figure 2 Canada's Generations, 2006

[3] The exact channel of this negative impact is unclear; however, it is likely due to the decline in age-specific headship rates among younger households.

The generations

Using administrative data on births, Statistics Canada has delineated and estimated the sizes of the major generations in Canada.[1] The term generation is similar to birth cohort in that it refers to a group of people born around the same time who advance through the life course as a group. In advancing through the various stages of life together, those who form a generation also experience particular social, economic and political events at particular points in their lives; such experiences can shape the group's economic behaviour.

Baby boom generation

To demarcate the baby boom generation, Statistics Canada starts with a notion of the baby boom, which it defines as a sudden and sustained yearly rise in the number of births, followed by a sudden slump. It estimates that Canada's baby boom started around 1946 and ended around 1965, thus spanning 20 years and including 8.2 million newborns. The group's size has been augmented over the years by immigration; in 2006, the Census counted 9.5 million people in the 41 to 60 age range that brackets the boomers[2] (see figure 2).

Parents of baby boomers

Having demarcated the baby boom, Statistics Canada used birth records to identify the years of birth of the women who had most of their children during the period of the boom. It estimates that the generation that parented the baby boomers are those persons born over the 22 years spanning 1919 to 1940. In 1971, the members of this generation (including immigrants) were aged 31 to 52, and the Census counted 5.5 million members. By 2006, they were aged 66 to 87, but mortality (and, to a lesser extent, emigration) had reduced their numbers to 2.6 million people.

Echo generation—the children of baby boomers

Based on a method similar to that used to estimate the size and age brackets of the generation of the baby boomers' parents, Statistics Canada estimates that the children of the baby boomers, or echo generation, are those persons born during the 21 years spanning 1972 to 1992. This method results in a wider age range and larger population size for the echo generation than those cited in previous Statistics Canada publications.[3] The 1996 Census counted 8.2 million persons (including immigrants) aged 4 to 24 belonging to the echo generation. By the time of the 2006 census, the group, augmented by immigrants, numbered 8.7 million persons aged 14 to 34. Population estimates[4] for 2012 indicate that the echo generation has surpassed that of its parents in size, its numbers reaching about 10.1 million, higher than the estimate of 9.6 million for the baby boomers.

World War II and pre-1919 generations

The group born during the Second World War has been termed the World War II generation. In 2006, there were 1.5 million persons in this generation bracketed by the 61 to 65 age group.

Canada's oldest generation includes those persons born before 1919, who in 2006 were aged 88 or older and totalled about 279,000 persons.

Baby bust generation

The generation described by many as the baby bust is estimated by Statistics Canada to be the small cohort born from 1966 to 1971, during the time of a large downward swing in fertility. As with the three major generations, the size of the baby bust generation continues to be augmented by immigration; the 1976 Census counted 2.3 million members aged 5 to 10, but at age 35 to 40 in 2006, their numbers had increased to 2.7 million.

Generation Z

The youngest generation, and one that is still in the making, are those persons born since 1993. Termed generation Z or the Internet generation, this group's members were all under the age of 13 in 2006 and numbered about 5.1 million persons.

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[1] See *Generations in Canada: Age and sex, 2011 Census.* (Statistics Canada, catalogue), no. 98-311-X2011003. Ottawa: Statistics Canada, 2012.

[2] The 2011 Census counted 9.6 million baby boomers aged 46 to 65.

[3] Conversely, this method yields a narrower age range and smaller population size for the baby bust generation. For an example of an earlier definition of the echo and other generations see, *2001 Census Analysis Series – Profile of the Canadian population by age and sex: Canada ages.* (Statistics Canada, catalogue), no. 96F0030XIE2001002. Ottawa: Statistics Canada, 2002.

[4] Statistics Canada's population estimates are based on census data but have been adjusted to reflect the fact that the census is generally unable to count all Canadians.

Young adults tend to become homeowners in their late 20s and early 30s

As the cohort ages further into its late 20s and early 30s it continues to contribute to household formation. It is during this stage that households typically switch from renting to owning, and consequently, this is usually when the cohort makes its biggest contribution to the growth in homeownership. Many of those young adults who were renting or sharing accommodations in their early 20s move on to owned accommodation, typically after accumulating savings over an extended period of employment and forming marital or common-law unions. These changes are reflected in the strong gains in owner relative to renter households for cohorts reaching the 25 to 29 and 30 to 34 age groups. The transition from renting to owning is likewise reflected in a consistent net loss in the number of renter households for cohorts reaching their early 30s (see figure 4).

Contribution to ownership growth starts to diminish in middle age

As members of a cohort advance into their 40s, 50s, and early 60s, their contribution to additional owner household gains begins to diminish because, by this time, most have already bought homes (see figures 5 and 6). Still, many remain active in the market for owned dwellings during this phase, making trade-up purchases. Other factors limiting members' contribution to both ownership and rental gains are deaths and moves to collective dwellings such as retirement residences. These life-course developments tend to become increasingly important as a cohort advances into the age bracket traditionally associated with retirement.

Contribution to homeownership growth turns negative in senior years

When the cohort enters the senior years of the life course, with its members reaching their mid-60s, 70s and beyond, the group's contribution to owner household growth typically turns negative (see figure 7). The substantial number of owner and renter household dissolutions that occur when a cohort reaches the 75 and older age group are due to several developments, including moves from owner-occupied to renter-occupied dwellings, moves to collective dwellings (such as retirement homes), moves to homes of family members, and deaths.

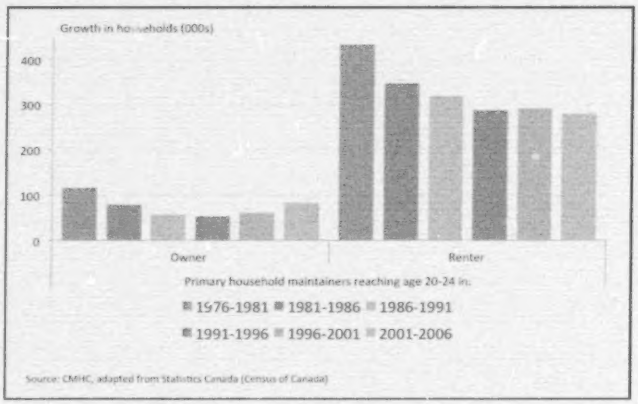


Figure 3 Contribution of Household Maintainers Aged 20-24 to Household Growth, Canada, 1976-2006

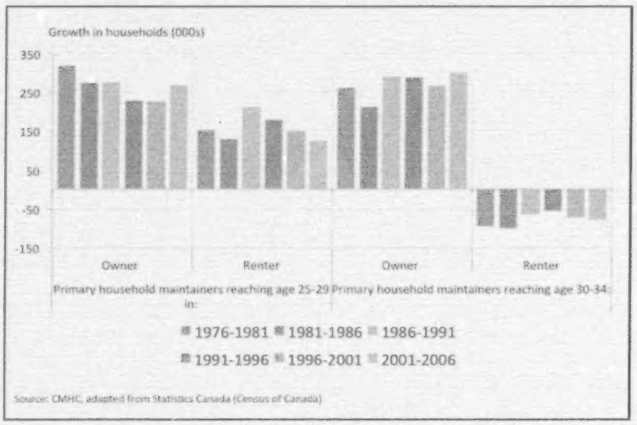


Figure 4 Contribution of Household Maintainers Aged 25-29 and 30-34 to Household Growth, Canada, 1976-2006

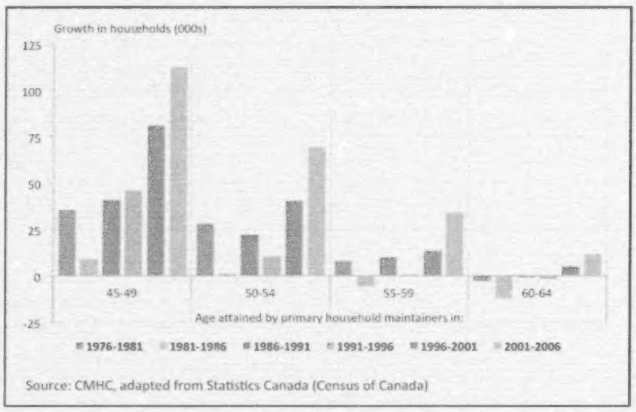


Figure 5 Contribution of Household Maintainers Aged 45-49, 50-54, 55-59 and 60-64 to Owner Household Growth, Canada, 1976-2006

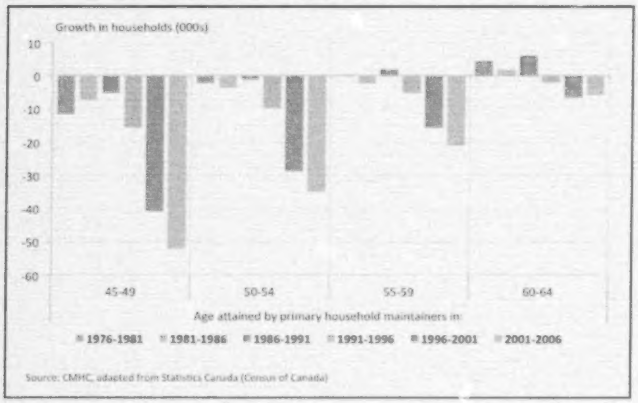


Figure 6 Contribution of Household Maintainers Aged 45-49, 50-54, 55-59 and 60-64 to Renter Household Growth, Canada, 1976-2006

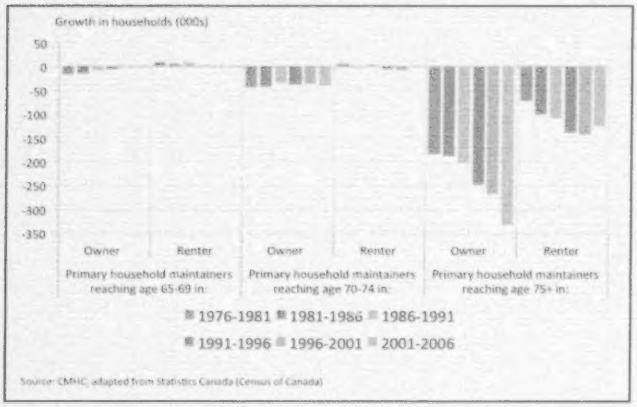


Figure 7 Contribution of Household Maintainers Aged 65-69, 70-74 and 75+ to Household Growth, Canada, 1976-2006

Emerging trends in homeownership growth

Although the broad life-course trends in ownership and rental household formation persist, there have been some notable changes over the years. Young adults are forming (owner and renter) households at lower rates than in the past. For example, about 20 per cent of young adults aged 15 to 29 in 2006 were household maintainers, whereas 24 per cent of their older counterparts who reached the same age group in 1986 were household maintainers (see figure 8). Many of these young adults are either remaining in the parental home

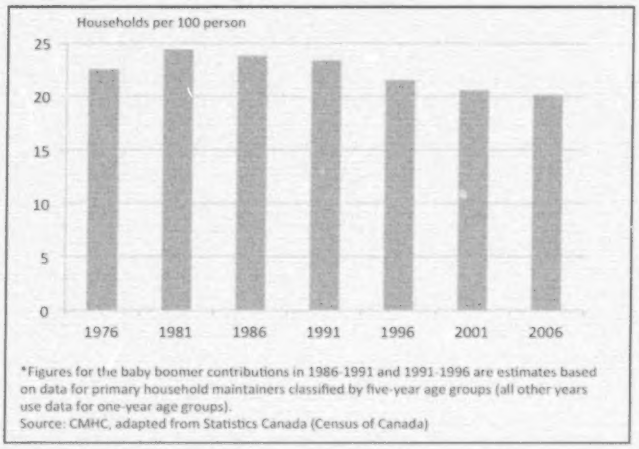


Figure 8 Young Adult Headship Rate, Canada, 1976-2006

longer or returning there after living elsewhere, contributing to a historically high proportion of young adults living in the parental home.[4] The reasons for this development could include factors such as changing employment conditions, rising shelter costs, an increase in the number of years spent in post-secondary studies, and shifting attitudes about marriage and family, which in turn contribute to the postponement of family formation.[5] Another change is that the rate of owner household formation by maintainers in their 40s and 50s has been rising since the 1990s, suggesting a more prolonged transition to ownership for some Canadians. A third change is that the rate of owner household dissolutions among the oldest cohorts of Canadians has been declining, suggesting that older Canadians are remaining in their dwellings longer, possibly thanks to improvements in their health and financial capacity to remain owner-occupants in old age. This change may also reflect the rising popularity of condominiums among this group. In the past, many aging owners might have downsized to a rental dwelling; nowadays, many are downsizing to a condominium.[6] The decline in the rate of dissolution for renter households in these oldest cohorts suggests that improved health and longevity is playing a role.

The baby boom generation's large numbers and 20-year age bracket meant that its members played a lead role in ownership growth for about two decades. From the late 1970s when its oldest members were in their early 30s,

[4] See *Living arrangements of young adults aged 20 to 29*. Statistics Canada, catalogue no. 98-312-X2011003. Ottawa: Statistics Canada, 2012. pp. 2-3.

[5] Not surprisingly, some of these factors are related. For example, declining employment prospects for young adults coupled with rising shelter costs may encourage many to remain in school longer as well as to postpone family and household formation.

[6] See *2006 Census Housing Series: Issue 16 — A Profile of Condominiums in Canada, 1981-2006*. Research Highlight. Ottawa: Canada Mortgage and Housing Corporation, 2012.

to the late 1990s when the oldest were in their early 50s, the cohort was the main source of growth in homeownership (see figure 9).[7]

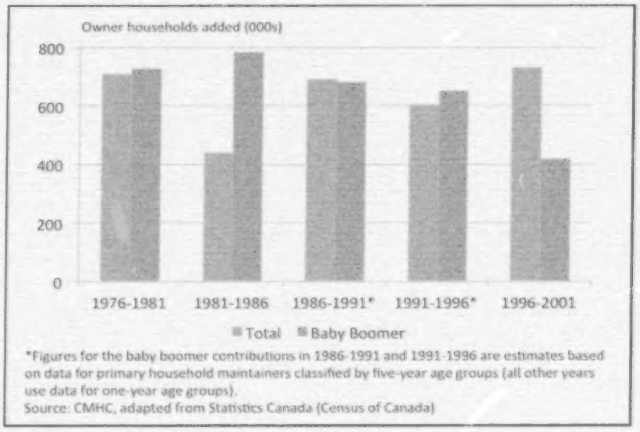
Much like its parents, the echo generation's numbers are large, its members' ages span a similar number of years, and its size continues to be augmented each year by immigration (see The Generations text box). All this suggests that the members of the echo cohort, the majority of whom have yet to reach the peak years of owner household formation, should be a major contributor to ownership growth until the mid 2020s.

Cohort aging and the national homeownership rate

Echo generation eclipses its parents in homeownership growth

With its mostly young adult members reaching ages 14 to 34 by 2006, the echo generation for the first time eclipsed that of its parents in homeownership growth when it became the biggest source of homeownership gains between 2001 and 2006. During this period, the young adults of this generation added about 658,000 additional owner households (see table 3), about 16 per cent of whom were added by immigrant household maintainers. Since the group's gains in homeownership accompanied a considerable rise in its household share, it contributed 5.1 percentage points to the rise in the national rate of homeownership (see table 4).

The echo generation's substantial contribution to the growth in homeownership is not the result of a particularly high propensity to form owner households. As shown earlier, the group's propensity to form households of any type, and thereby its contribution to household growth, is low when compared to its parents' generation when its members were at a similar stage. In 2006, the youngest of the echo group was aged 14 and the oldest was 34, roughly comparable to the 16 to 35 range of the baby boomers in 1981. A comparison of the number of owner and renter households per capita for the two groups in young adulthood illustrates this difference,



*Figures for the baby boomer contributions in 1986-1991 and 1991-1996 are estimates based on data for primary household maintainers classified by five-year age groups (all other years use data for one-year age groups).
Source: CMHC, adapted from Statistics Canada (Census of Canada)

Figure 9 Baby Boom Contribution to Homeownership Growth, Canada (000s), 1976-1996

showing lower propensities among members of the echo group to form both renter and owner households in their 20s, with the difference being larger for renters[8] (see figure 10). This shaped the evolution of the aggregate homeownership rate because, while it resulted in fewer renter and owner households, the negative impact on the number of renter households was greater, raising the rate of homeownership. If the group's propensity to maintain renter-occupied and owner-occupied dwellings were the same as that of its parents, there would have been about 200,000 additional renter-led and 120,000 more owner-led households in 2006.[9]

Baby boomers' role in homeownership gains declining

The echo generation's parents recorded the second-highest rate of homeownership in 2006, posting a rate of just over 75 per cent (see table 4). However, since most baby boomers were well beyond the peak years for forming owner-occupied households, the cohort had already made its biggest contributions to homeownership gains. Baby boomers added about 355,000 owner households between 2001 and 2006 (see table 3), with immigrants responsible for just under one-half (46 per cent) of the increase. Consequently, the cohort's contribution to the growth in the national homeownership rate over this period was 0.6 of a percentage point (see table 4).

[7] To obtain the contribution of the baby boomer generation to the growth in homeownership, first the cohort's age range is obtained for each census year for the 1976 to 2001 period. Next, for each census year, a tally is taken of the number of homeowner households with a baby boomer household maintainer. The difference between the number of households headed by a baby boomer for two adjacent years (for example, 1981 minus 1976) gives an approximate estimate of the cohort's contribution for that period.

[8] The comparison of household maintainer rates for renters and homeowners is based on echo generation household maintainers aged 16 to 34 in 2006 and baby boomer household maintainers of the same age bracket in 1981.

[9] These estimates are obtained by applying the age-specific propensities to own and rent of young adult baby boomers to members of the echo generation, then multiplying these propensities by the corresponding population age groups of the echo generation.

Table 3 Cohort Contribution to Homeownership Growth, Canada, 2001-2006

Generation	Owners (000s)		Contribution to Change (000s)
	2001	2006	
Echo	353	1,011	658
Bust	700	952	252
Baby boom	3,720	4,075	355
World War II	679	687	8
Parents of baby boom	1,971	1,712	-259
Pre-1919	188	73	-115
Total	7,611	8,510	899

Source: CMHC, adapted from Statistics Canada (Census of Canada)

Table 4 Cohort Contribution to Homeownership Rate Changes, Canada, 2001-2006

Generation	Ownership Rate (%)		Household Share (%)		Contribution to Rate Change (Percentage Points)
	2001	2006	2001	2006	
Echo	29.0	45.2	10.5	18.0	5.1
Bust	55.5	67.1	10.9	11.4	1.6
Baby boom	71.3	75.3	45.1	43.5	0.6
World War II	76.9	77.5	7.6	7.1	-0.3
Parents of baby boom	73.9	72.8	23.1	18.9	-3.3
Pre-1919	59.1	55.5	2.8	1.1	-1.0
Total	65.8	68.4	100.0	100.0	2.6

Source: CMHC, adapted from Statistics Canada (Census of Canada)

Baby bust generation adds to the rate of homeownership

The relatively small baby bust generation, whose members reached the 35 to 40 age bracket in 2006, was the only other cohort to make a positive contribution to the national homeownership rate. It added about 252,000 owner households during this time (see table 3), 38 per cent of whom were led by immigrants. This translated into a contribution of 1.6 percentage points to the rise in the national rate of homeownership (see table 4).

Oldest generations take away from homeownership gains

The small cohort born during the Second World War, whose members reached age 61 to 65 in 2006, recorded the highest rate of homeownership of any cohort. It added a relatively small number of owner households (8,000)

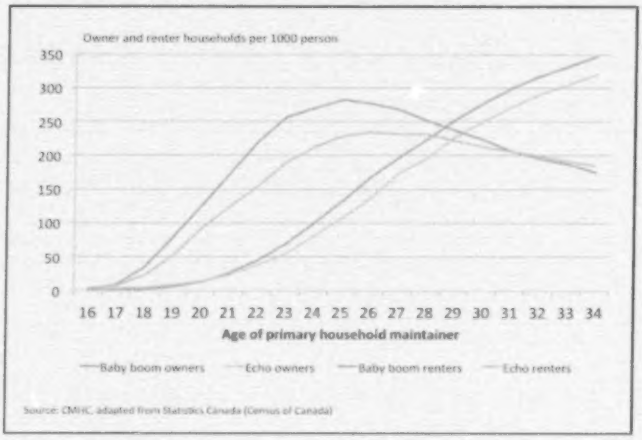


Figure 10 Baby Boom Versus Echo Owner and Renter Household Maintainer Rates

between 2001 and 2006 (see table 3) but saw its household share decline, resulting in a small negative impact on the homeownership rate (see table 4).

With its youngest members reaching age 66 and the oldest attaining the age of 87 in 2006, the generation of the baby boomers' parents had all entered the stage of the life course typified by substantial numbers of household dissolutions due largely to deaths and moves to collective dwellings such as retirement homes. Between 2001 and 2006, the group lost about 315,000 households, 259,000 of which were owners (see table 3). Not surprisingly, these changes subtracted 3.3 percentage points from the gains in the national homeownership rate (see table 4). The children of this generation will be of similar age in 2031; however, the younger generation's homeownership trends suggest that its future rate of ownership losses may be smaller. A comparison of the number of owners per person of both generations at similar ages indicates a slightly stronger tendency to own among baby boomers (see figure 11). Coupled with a higher life expectancy, this suggests that, on average, the baby boomer homeowners will remain in their owner-occupied dwellings longer than their parents did.

The small cohort of Canadians who were over the age of 87 in 2006 likewise took away from the gains in the national homeownership rate between 2001 and 2006. The aging of this group during this period brought about a loss of about 115,000 owner households and subtracted about

1 percentage point from the national rate of homeownership (see table 3 and table 4). The main sources of household losses for this group were likely deaths and moves from private dwellings to retirement homes and other forms of collective dwellings.

Ownership by household type

Family households maintain the highest homeownership rates

There has typically been a strong link between household type and homeownership, with family households having a relatively high rate of homeownership compared to non-family households. Among family households, those led by couples (that is, individuals in a marital or common-law union) have tended to record the highest rates of homeownership. In 2006, about 82 per cent of households led by couples owned their dwelling (see table 5). Households composed of two or more families (also called multiple families) likewise posted a high rate of ownership, with 81 per cent residing in owner-occupied dwellings.

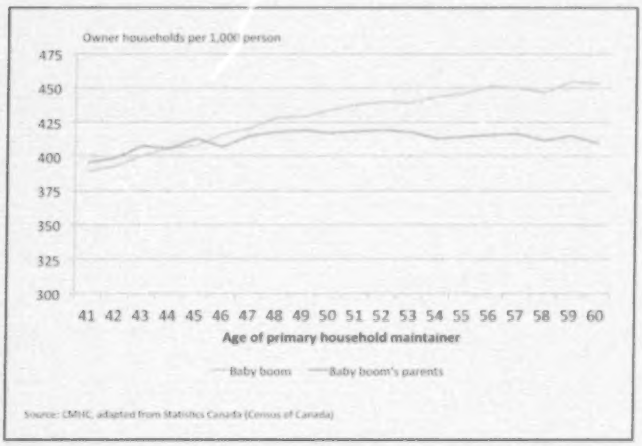


Figure 11 Owner Household Maintainer Rates for Baby boom Versus Baby Boom's Parents, Canada

Among family households, lone parents generally have the lowest rate of homeownership. At about 55 per cent, the homeownership rate for this group was nearly 30 percentage points below that of households led by couples with children. This relatively low rate of homeownership is partly explained by the fact that lone-parent households generally have below-average incomes and are less likely to benefit from the pooling of financial resources that is possible in other types of family households. Still, likely thanks to the improving economy and supportive lending conditions, homeownership gains were strong among these households; lone-parent households increased their rate of homeownership by over 4 percentage points between 2001 and 2006.

As a group, non-family households are comprised primarily (close to 90 per cent) of persons living alone. Other non-family households make up the remainder of the category. One-person households recorded an overall ownership rate of about 48 per cent in 2006, well below that of family households. The rate of homeownership for other non-family households was about 40 per cent (see table 5). Non-family households recorded a strong pace of growth in ownership; the number of owner-occupied dwellings comprising one-person households rose by an average of 4 per cent per year, the most of any category of households.

Table 5 Homeownership Rate and Household Share by Household Type, Canada, 2001-2006

Household type	Homeownership Rate (%)		Change (Percentage Points)	Household Share (%)		Change (Percentage Points)
	2001	2006	2001-2006	2001	2006	2001-2006
Family households	75.4	77.9	2.5	70.5	69.6	-1.0
Couples	79.6	81.9	2.3	58.5	57.4	-1.1
Lone parents	50.5	54.9	4.4	10.0	10.2	0.2
Multiple families	78.7	81.4	2.7	1.8	1.9	0.1
Non-family households	43.0	46.8	3.8	29.5	30.4	1.0
One-person	43.9	47.8	3.9	25.7	26.8	1.0
Unrelated persons	36.6	39.7	3.1	3.7	3.7	0.0
Total	65.8	68.4	2.6	100.0	100.0	n/a

Source: CMHC, adapted from Statistics Canada (Census of Canada)

Household type shifts played a small role in homeownership rise

Between 2001 and 2006, above-average growth in one-person households helped to raise the share of non-family households by over 1 per cent and reduced that of households led by couples by about the same magnitude. Decomposition analysis confirms that these shifts in the relative shares of different types of household (that is, compositional shifts) played a comparatively small role in the change in the national homeownership rate (see table 6). The estimated composition effect was about -0.4 of a percentage point.

The estimated (ownership) rate effect of about 3 percentage points, which more than offsets the negative composition effect, reflects the strong growth in homeownership across all types of households between 2001 and 2006 (see table 6). This finding is consistent with the strong (ownership) rate effect obtained in the decomposition of the aggregate rate of homeownership by age-specific homeownership rates and age-specific headship rates (see table 2).

Role of immigrants in homeownership growth

Immigrant-led households grew twice as fast as Canadian-born ones

In 2006, 68.9 per cent of Canada's 2.81 million immigrant-led[10] households resided in owner-occupied dwellings (see tables 7 and 8). This rate of homeownership was slightly higher than that of households led by persons born in Canada, 68.7 per cent of whom owned their dwelling in 2006.[11]

Table 6 Household Type Decomposition of Homeownership Rate Change, Canada, 2001-2006 (Percentage Points)

	Ownership Rate Effect	Composition Effect	Net Effect
Rate change (total for all household types)	2.96	-0.35	2.60

Source: CMHC

Between 2001 and 2006, the number of immigrant-led households grew at an average pace of 2.4 per cent per year, roughly twice the pace of Canadian-born households (see table 7). Consequently, the proportion of households led by persons born in Canada fell by about 1 percentage point. Not surprisingly, the strong gains in the number of immigrant households came primarily from recent immigrants (that is, those who entered Canada from 2001 to 2006);[12] household formation among immigrants who arrived before 2001 played a less important role.[13] Although most of the increase in immigrant-led households over this period came from newcomers, a group typified by low incomes and low rates of homeownership, the gains in homeowner households came largely from more established immigrants.

One way to gauge the dampening effect of recent immigration on overall homeownership rates is to estimate an adjusted rate that excludes recent immigrants. In 2006 for example, the national homeownership rate excluding recent immigrants was 69.3 per cent, nearly 1 percentage point higher than the overall rate (68.4 per cent). Similarly, the homeownership rate for immigrants residing in Canada

Table 7 Households and Household Growth by Immigrant Status, Canada, 2001-2006

Household type	Households (000s)		Change from 2001-2006	
	2001	2006	(000s)	(Average per Year, %)
Non-immigrants	9,011	9,543	532	1.2
Non-permanent residents	65	88	24	6.4
Immigrants	2,487	2,806	319	2.4
Over 5 years of Canadian residence	2,211	2,488	277	2.4
5 or fewer years of Canadian residence	276	318	42	2.9
Total	11,563	12,437	874	1.5

Source: CMHC, adapted from Statistics Canada (Census of Canada)

[10] An immigrant or immigrant-led household is defined as one whose primary maintainer is an immigrant to Canada.

[11] It is also high by international standards; the corresponding figures for immigrant households in the United States in 2010 was about 53 per cent. See Camarota, Steven A., *Immigrants in the United States. A Profile of America's Foreign-Born Population*, (Washington, D.C.: Center for Immigration Studies, 2012).

[12] Recent immigrants are defined as persons who have been granted the statutory right to live in Canada permanently within about five and a half years before Census Day; for the 2006 Census, recent immigrants landed from January 2001 to Census Day in May 2006.

[13] Although the change in the number of recent immigrants between 2001 and 2006 was 42,000 (see table 7), this figure does not represent recent immigrants' contribution to household gains. The group's contribution over this period would be equal to the total number of these households in 2006 (318,000), since this figure represents the number of recent immigrant households added since the 2001 Census.

Table 8 Homeownership and Household Share by Immigrant Status, Canada, 2001-2006

Household type	Owners (000s)		Change (000s)	Homeownership Rate (%)		Homeownership Change (Percentage Points)
	2001	2006	2001-2006	2001	2006	2001-2006
Non-immigrants	5,958	6,559	600	66.1	68.7	2.6
Non-permanent residents	11	18	7	17.7	20.7	3.0
Immigrants	1,641	1,933	292	66.0	68.9	2.9
Over 5 years of Canadian residence	1,557	1,821	264	70.4	73.2	2.8
5 or fewer years of Canadian residence	84	112	29	30.4	35.3	4.9
Total	7,610	8,510	899	65.8	68.4	2.6

Source: CMHC, adapted from Statistics Canada (Census of Canada)

for more than five years (that is, excluding recent immigrants) was 73.2 per cent, about 4 percentage points higher than the rate for all immigrants (68.9 per cent). Both metrics confirm the dampening effect of recent immigrants' relatively low rates of homeownership on the corresponding national rate.[14]

The shift in household composition away from Canadian-born households and in favour of immigrant-led households lowered (by 0.07 of a percentage point) the aggregate rate of homeownership (see table 9). This small negative composition effect was more than offset by a large ownership rate effect of 2.68 percentage points, reflecting the effect of rising homeownership rates among both immigrant and Canadian-born households.[15] The negative composition effect is smaller than expected, given the comparatively large influx of recent immigrant households from 2001 and 2006 in relation to the previous five-year period. The relatively higher rates of homeownership among the wave of recent immigrants who arrived from 2001 to 2006 partly explain this; the group's homeownership rate in 2006 was 35 per cent, notably higher than the 30 per cent recorded by the previous (1996 to May 2001) cohort of recent immigrants (see table 8).[16]

Table 9 Decomposition of Homeownership Rate Change by Household Immigrant Status, Canada, 2001-2006 (Percentage Points)

	Ownership Rate Effect	Composition Effect	Net Effect
Rate change (total for all household types)	2.68	-0.07	2.60

Source: CMHC

[14] The experience of earlier waves of newcomers suggest that these initially low rates of homeownership should rise over time as these immigrants gain a foothold in the labour market and accumulate savings.

[15] Due to rising homeownership rates and a rising share of the total number of households, immigrant households accounted for more than one-half (52%) of the increase in the national homeownership rate between 2001 and 2006.

[16] There are a number of likely reasons for the difference in the groups' rates of homeownership, including the stronger economy, a financial environment more conducive to homeownership, as well as socio-economic and cultural differences between the two waves of immigrant groups.

CONCLUSION

This Research Highlight investigated the role of demographic shifts in the change in the national homeownership rate between 2001 and 2006. The research found that shifts in the age composition of the population accounted for about 1 percentage point of the 2.6-percentage-point change in the national rate of homeownership. Changes in age-specific ownership rates (which, to a large extent, reflect economic developments) played a bigger role, accounting for about 2 percentage points of the overall increase. Conversely, changes in headship rates among certain age groups subtracted 0.46 of a percentage point from the gain in the homeownership rate.

When the change in the national homeownership rate was examined by household type, it was found that the changing percentage shares of different types of households contributed to a small decline in the overall rate. Most of the increase in the national rate of homeownership could be attributed to gains in homeownership rates across the various types of households rather than to changes in the composition of households by type. This result is analogous to that from the age-based decomposition of the national homeownership rate, which found that age-specific ownership rates had a larger effect than composition changes.

The baby boom generation was the most important source of growth in homeownership from the 1970s to the early 2000s. The 2006 to 2011 period signaled an important shift, when the baby boom cohort's contribution to ownership growth was eclipsed by that of its children's generation. The life course of the baby boom cohort suggests that the echo generation will remain the most important source of growth in ownership until the 2030s.

Despite a relatively low rate of homeownership among recent immigrants, rising rates of homeownership among all immigrant households helped to raise the overall rate of homeownership.

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Alternative text and data for figures

Figure 1 Homeownership Rate, Canada, 1961-2006 (%)

Year	Ownership rate
1961	66.0
1966	63.1
1971	60.3
1976	61.8
1981	62.1
1986	62.1
1991	62.6
1996	63.6
2001	65.8
2006	68.4

Source: CMHC, adapted from Statistics Canada (Census of Canada)

Figure 2 Canada's Generations, 2006 (000s)

	Age	Number of persons
Generation Z	0	338
	1	335
	2	341
	3	337
	4	340
	5	344
	6	357
	7	358
	8	368
	9	382
	10	400
	11	411
	12	414
	13	423
Echo	14	433
	15	442
	16	44
	17	428
	18	411
	19	416
	20	421
	21	423
	22	417
	23	411
	24	408
	25	409
	26	401
	27	392
	28	389
	29	395
	30	399
	31	403
	32	397
	33	406
	34	416

Figure 2 Canada's Generations, 2006 (000s) continued

	Age	Number of persons
Baby bust	35	438
	36	440
	37	438
	38	440
	39	452
	40	482
Baby boom	41	521
	42	537
	43	541
	44	531
	45	540
	46	532
	47	521
	48	518
	49	510
	50	496
	51	494
	52	476
	53	455
	54	437
	55	431
	56	421
	57	412
	58	411
	59	411
	60	345
WWII	61	329
	62	322
	63	308
	64	286
	65	275
Parents of baby boom	66	254
	67	246
	68	235
	69	225
	70	223
	71	216
	72	207
	73	207
	74	202
	75	196
	76	186
	77	174
	78	167
	79	156
	80	150
	81	141
	82	130
	83	118
	84	109
	85	96
	86	82
	87	63
Pre-1919	88	54
	89	47
	90+	178

Source: CMHC, adapted from Statistics Canada (Census of Canada)

Figure 3 Contribution of Household Maintainers Aged 20-24 to Household Growth, Canada, 1976-2006 (000s)

Period during which primary household maintainer reached age 20-24:	Owner primary household maintainer	Renter primary household maintainer
1976-81	116	434
1981-86	79	347
1986-91	57	319
1991-96	53	287
1996-01	61	291
2001-06	82	280

Source: CMHC, adapted from Statistics Canada (Census of Canada)

Figure 4 Contribution of Household Maintainers Aged 25-29 and 30-34 to Household Growth, Canada, 1976-2006 (000s)

Period during which primary household maintainer reached age 25-29:	Owner primary household maintainer	Renter primary household maintainer	Period during which primary household maintainer reached age 30-34:	Owner primary household maintainer	Renter primary household maintainer
1976-81	318	153	1976-81	260	-96
1981-86	273	128	1981-86	211	-102
1986-91	276	212	1986-91	289	-66
1991-96	227	179	1991-96	288	-55
1996-01	225	151	1996-01	267	-73
2001-06	267	123	2001-06	299	-80

Source: CMHC, adapted from Statistics Canada (Census of Canada)

Figure 5 Contribution of Household Maintainers Aged 45-49, 50-54, 55-59 and 60-64 to Owner Household Growth, Canada, 1976-2006 (000s)

Period during which primary household maintainer reached age 45-49:	Owner primary household maintainer	Period during which primary household maintainer reached age 50-54:	Owner primary household maintainer	Period during which primary household maintainer reached age 55-59:	Owner primary household maintainer	Period during which primary household maintainer reached age 60-64:	Owner primary household maintainer
1976-81	35	1976-81	28	1976-81	8	1976-81	-3
1981-86	9	1981-86	1	1981-86	-6	1981-86	-12
1986-91	41	1986-91	22	1986-91	10	1986-91	-1
1991-96	46	1991-96	11	1991-96	1	1991-96	-2
1996-01	81	1996-01	41	1996-01	13	1996-01	5
2001-06	113	2001-06	69	2001-06	34	2001-06	11

Source: CMHC, adapted from Statistics Canada (Census of Canada)

Figure 6 Contribution of Household Maintainers Aged 45-49, 50-54, 55-59 and 60-64 to Renter Household Growth, Canada, 1976-2006 (000s)

Period during which primary household maintainer reached age 45-49:	Renter primary household maintainer	Period during which primary household maintainer reached age 50-54:	Renter primary household maintainer	Period during which primary household maintainer reached age 55-59:	Renter primary household maintainer	Period during which primary household maintainer reached age 60-64:	Renter primary household maintainer
1976-81	-12	1976-81	-2	1976-81	0	1976-81	4
1981-86	-7	1981-86	-4	1981-86	-2	1981-86	2
1986-91	-5	1986-91	-1	1986-91	2	1986-91	6
1991-96	-16	1991-96	-10	1991-96	-5	1991-96	-2
1996-01	-41	1996-01	-29	1996-01	-16	1996-01	-7
2001-06	-52	2001-06	-35	2001-06	-21	2001-06	-6

Source: CMHC, adapted from Statistics Canada (Census of Canada)

Figure 7 Contribution of Household Maintainers Aged 65-69, 70-74 and 75+ to Household Growth, Canada, 1976-2006 (000s)

Period during which primary household maintainer reached age 65-69:	Owner primary household maintainer	Renter primary household maintainer	Period during which primary household maintainer reached age 70-74:	Owner primary household maintainer	Renter primary household maintainer	Period during which primary household maintainer reached age 75+:	Owner primary household maintainer	Renter primary household maintainer
1976-81	-17	10	1976-81	-44	5	1976-81	-184	-71
1981-86	-16	5	1981-86	-42	-2	1981-86	-187	-100
1986-91	-7	9	1986-91	-35	4	1986-91	-202	-108
1991-96	-6	0	1991-96	-39	-6	1991-96	-247	-138
1996-01	-1	-1	1996-01	-36	-8	1996-01	-268	-142
2001-06	-2	0	2001-06	-40	-2	2001-06	-332	-124

Source: CMHC, adapted from Statistics Canada (Census of Canada)

Figure 8 Young Adult Headship Rate, Canada, 1976-2006 (%)

Year	Headship rate
1971	19.1
1976	22.6
1981	24.4
1986	23.8
1991	23.4
1996	21.5
2001	20.6
2006	20.1

Source: CMHC, adapted from Statistics Canada (Census of Canada)

Figure 9 Baby Boom Contribution to Homeownership Growth, Canada, 1976-1996 (000s)

Period	Baby boom	Total homeownership growth
1976-81	727	711
1981-86	783	439
1986-91	682	692
1991-96	652	605
1996-01	418	733

Note: Figures for the baby boom contributions in 1986-91 and 1991-96 are estimates based on data for primary household maintainers classified by five-year age groups (all other years use data for one-year age groups).

Source: CMHC (projections) and adapted from Statistics Canada (Census of Canada and Annual Demographic Estimates)

Figure 10 Baby Boom Versus Echo Owner and Renter Household Maintainer Rates
Owner and renter households per 1000 person

Age of primary household maintainer	Baby boom owners	Echo owners	Baby boom renters	Echo renters
16	1	2	2	3
17	1	3	9	7
18	3	5	35	24
19	7	9	78	52
20	13	15	126	92
21	26	24	173	124
22	45	38	221	154
23	70	55	257	189
24	100	81	271	213
25	132	107	283	229
26	167	137	277	235
27	197	174	268	232
28	223	196	252	231
29	254	228	237	222
30	278	250	223	213
31	300	272	205	207
32	317	291	196	199
33	332	305	187	192
34	347	321	175	184

Source: CMHC, adapted from Statistics Canada (Census of Canada)

Figure 11 Owner Household Maintainer Rates for Baby Boom Versus Baby Boom's Parents, Canada
Owner households per 1000 person

Age of primary household maintainer	Baby boom - owners	Parents of baby boom - owners
41	389	396
42	393	399
43	400	408
44	406	406
45	408	413
46	416	407
47	420	415
48	429	418
49	429	419
50	434	417
51	438	418
52	440	419
53	440	418
54	444	413
55	446	414
56	452	416
57	450	416
58	447	412
59	455	415
60	453	410

Source: CMHC, adapted from Statistics Canada (Census of Canada)